

**STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

DELEGATION RESOLUTION

Subject: Investment Policy Subcommittee **Delegation No:** 04-05-BD

WHEREAS, In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System ("the Board") is charged with the administration and management of the California Public Employees' Retirement System ("the System").

WHEREAS, In accordance with California Constitution Article XVI, Section 17 and Government Code section 20201, the Board is also charged with the sole and exclusive control over the assets and the investments of the Public Employees' Retirement Fund.

WHEREAS, In accordance with Government Code section 20099, the Board is authorized to appoint a committee of one or more of its members to perform any act within the power of the Board itself to perform, and may, through express delegation authorize any such committee to act finally.

WHEREAS, Pursuant to Delegation No. 89-01 (Rev.), the Investment Committee is delegated the authority to develop and adopt policies with respect to the appropriate asset allocation targets and ranges, and risk-adjusted rates of return, for the various funds under the Board's administration; performance benchmarks for the Fund's asset classes and sub-classes which, if realized, clearly position CalPERS within the top quartile of comparable funds; and other investment-related policies, procedures and strategies which will promote CalPERS' organizational goals (collectively, "Investment Policies").

WHEREAS, On September 18, 1995, the Investment Committee adopted staff's recommendation and created the Ad Hoc Subcommittee on Investment Policies and Guidelines (the "Ad Hoc Subcommittee"); charged the Ad Hoc Subcommittee with developing a project scope, schedule and chart of key deliverables regarding establishment of written investment policies; and charged the Ad Hoc Subcommittee to report monthly to the Investment Committee on its progress.

WHEREAS, On December 8, 2000, the Investment Committee adopted staff's recommendation for the ongoing role of the Ad Hoc Subcommittee in considering new investment policies and reviewing and recommending substantial modifications of existing investment policies to the Investment Committee for adoption by the Investment Committee.

WHEREAS, The Board President has appointed members to the Ad Hoc Subcommittee.

WHEREAS, The Investment Committee wishes a formal delegation resolution to clearly delineate the roles and responsibilities of the Ad Hoc Subcommittee and to formally adopt its name as the "Investment Policy Subcommittee" (the "Subcommittee").

NOW THEREFORE BE IT RESOLVED,

(A) That, pursuant to the foregoing, the Investment Committee hereby authorizes and ratifies the appointment by the Board President, in consultation with the Investment Committee Chair, of the Subcommittee, to be comprised of not less than three (3) members.

(B) Except as otherwise provided within this Resolution, the Subcommittee is authorized to perform the following acts:

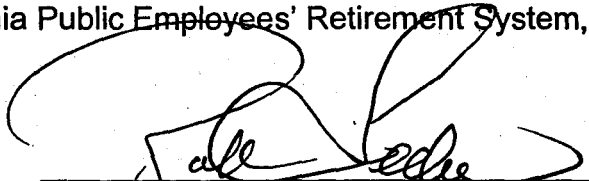
- (1) Upon direction of the Investment Committee, consider and draft new Investment Policies for recommendation to the Investment Committee.
- (2) Upon direction of the Investment Committee, consider and draft modifications to existing Investment Policies for recommendation to the Investment Committee.
- (3) Recommend new Investment Policies and modifications to existing Investment Policies to the Investment Committee.
- (4) Provide periodic reports to the Investment Committee of Investment Policies under consideration.
- (5) Recommend such other acts to the Investment Committee as necessary or appropriate to implement the foregoing.

(C) That the authority granted under this Resolution is subject to the following conditions:

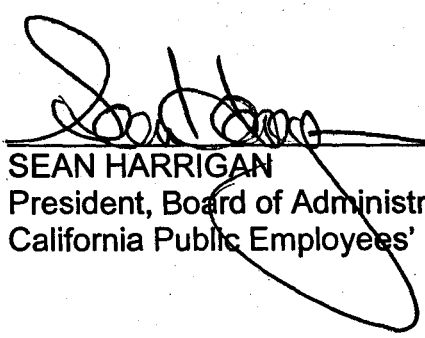
- (1) The Subcommittee must discharge its duties with respect to the Fund "solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system." In exercising this responsibility, the Subcommittee shall place the interests of System members and beneficiaries above all other interests. (Cal. Const. art. XVI, sec. 17(b).)

- (2) The Subcommittee must discharge its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. (Cal. Const. art. XVI, sec. 17(c).)
- (D) That, notwithstanding any other provision within this Resolution, all acts of the Subcommittee shall be reported to the Investment Committee, at its next regular meeting, and shall be subject to review and ratification or reversal by the Investment Committee.
- (E) That the Subcommittee is authorized to delegate to the Chief Executive Officer or the Chief Investment Officer the authority to perform any act within the power of the Subcommittee itself to perform.
- (F) That this Resolution shall be effective immediately upon adoption, and supercedes all previous delegations of authority on this subject.

I hereby certify that on the 18th day of October, 2004, the Board of Administration, Investment Committee, of the California Public Employees' Retirement System, made and adopted the foregoing resolution.



ROB FECKNER
Chair, Investment Committee
California Public Employees' Retirement System



SEAN HARRIGAN
President, Board of Administration
California Public Employees' Retirement System